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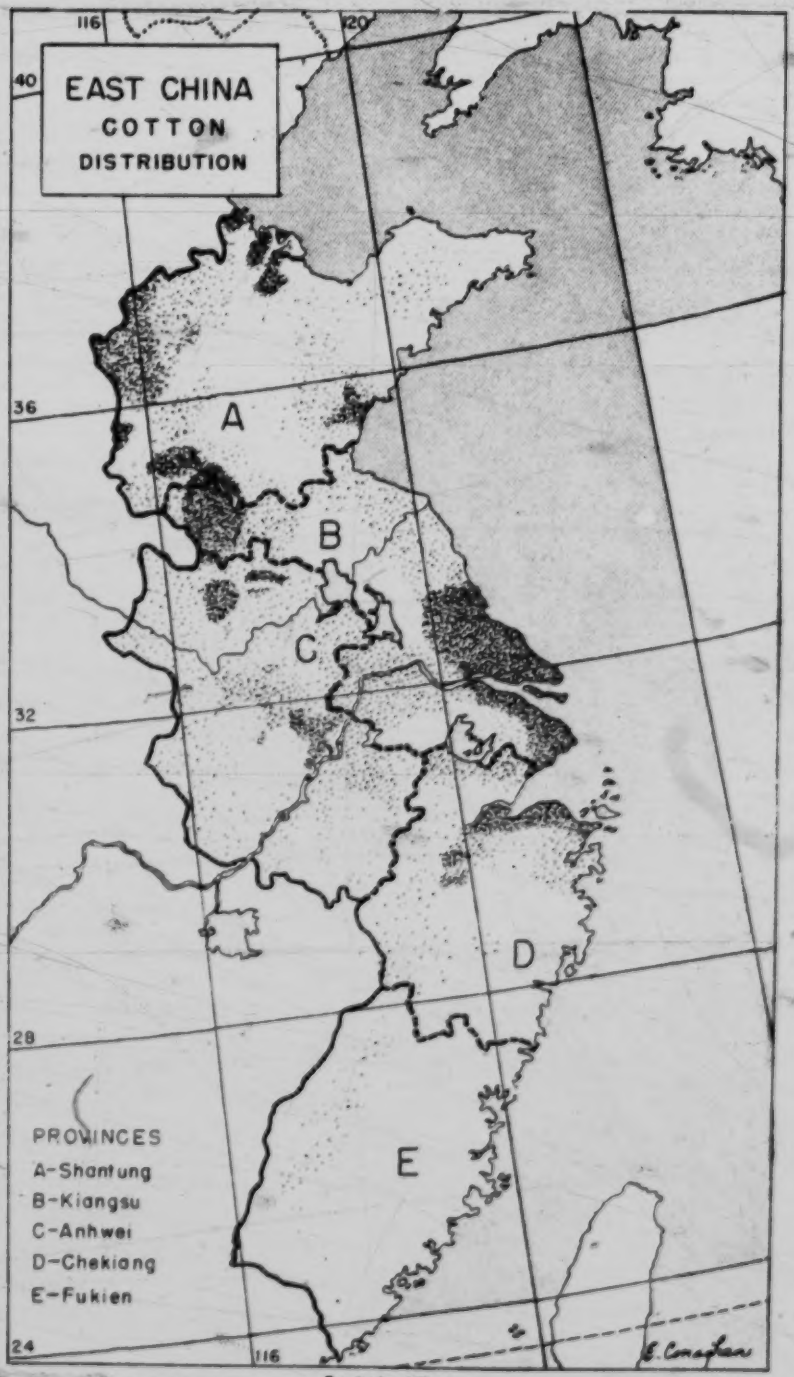

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[Face p. 738(d)]

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Table 11. Cotton Production in East China*

(Unit: 1,000 Shih-piculs.)
1,000 Bales = 480 lbs.)

Province	1949		1950		1951		1952		1953#		1954$		1955▼	
	Shih-piculs	Bales	Shih-piculs	Bales	Shih-piculs	Bales	Shih-piculs	Bales	Shih-piculs	Bales	Shih-piculs	Bales	Shih-piculs	Bales
Kiangsu	729	15.2	1,356	28.3	2,400	50.0	1,632	34.0	1,488	31.0	1,815	31.6	1,867	34.8
Chekiang	154	3.2	394	8.2	416	8.7	269	5.6	245	5.1	250	5.2	275	5.7
Anhwei	154	3.2	192	4.0	494	10.3	336	7.0	305	6.3	311	6.4	342	7.0
Shantung	667	13.9	1,699	35.4	2,569	53.5	4,622	96.3	4,206	87.6	4,289	89.4	4,718	98.4
Fukien	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Total	1,704	35.5	3,643	75.9	5,880	122.5	6,859	142.9	6,240	130.0	6,665	138.6	7,001	145.9

* /People's Daily/ Peking, January 27, 1950; /Liberation Daily/, Shanghai; January 8, October 17, November 14, December 28, 1951; September 9, December 27, 1952; Ta-chung Hung-yeh /Mass Agriculture/, Shanghai, Vol. VI, No. 3, December 1951, p. 69; /Economic Weekly/, Shanghai, February 18, 1953, pp. 15-16; Chung-nung Yeh-kan /The Farmers' Bank of China Monthly/, Nanking, Vol. IX, No. 6, January 30, 1948, p. 36; Economic Bulletin, Hong Kong, No. 309, March 10, 1953, p. 12.

Cotton production in 1953 was 9 per cent below the 1952 level; see Far Eastern Economic Review, Hong Kong, May 13, 1955, Vol.XVIII, No. 19, p. 601.

$The Cotton of East China in 1954 was slightly higher than that of 1953; an increase of 3 per cent is estimated; see Far Eastern Economic Review, Hong Kong, May 13, 1955, Vol. XVIII, No. 19, p. 60.

▼There were no natural calamities in 1955. An estimate of 10 per cent increase over 1954's production is assumed, although the projected increase is 30.6 per cent as revealed by Li Hsien-nien in his 1955 State Budget Report.

(Table 11 faces p. 756)

(Table 11 faces p. 756)

433 According to Tables 9 and 10 above, the total supply of "rice-equivalent" grains available for human consumption in 1954 was 578.05 million shih-piculs or 28.90 metric tons. On the basis of Wu Yuan-li's calculation of 217 metric tons of milled "rice-equivalent" grains required to feed 1,000 "adult males" per year,[17] the total supply of grain in East China in 1954 should have been sufficient for the consumption requirements of 133.2 million "adult males," or equivalent to the total local demand for grains in that particular year.

VI. COTTON PRODUCTION

248 433 During 1950-54, cotton production in East China increased considerably but at an irregular rate. The statistical data for cotton production in this region are shown in Table 11.

17. Yuan-li Wu, An Economic Survey of Communist China, New York, Bookman Associates, 1956, chapter V, p. 165.

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Table 12. Cotton Acreage in East China*

(Unit = 1,000)

Province	1949		1950		1951		1952		1953#		1954@		1955▼	
	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres
Kiangsu	4,632	772	5,724	954	7,908	1,318	4,248	708	4,036	673	6,836	1,089	7,189	1,198
Chekiang	1,224	204	930	155	1,302	217	768	128	730	122	730	122	803	134
Anhwei	966	161	1,182	197	1,626	271	870	145	826	137	826	137	909	151
Shantung	4,242	707	5,226	871	7,914	1,319	11,802	1,967	11,212	1,869	11,212	1,869	12,333	2,056
Fukien	-----	---	-----	---	------	-----	-----	-----	-----	----	------	-----	-----	-----
Total	11,064	1,844	13,062	2,177	18,750	3,125	17,688	2,948	16,804	2,801	19,304	3,217	21,239	3,539

* Chung-nung Yüeh-kan /The Farmers' Bank of China Monthly/, Nanking, The Farmers' Bank of China, Vol. IX, No. 6, June 30, 1948, p. 36; Liberation Daily, Shanghai, January 6, October 17, November 14, December 28, 1951, and September 9, December 27, 1952; Ta-chung Nung-yeh /Mass Agriculture/, Shanghai, Vol. VI, No. 5, December, 1951, p. 69; Economic Weekly, Shanghai, February 26, 1953, pp. 16-18; Economic Bulletin, Hong Kong, Ching-chi Tao-pao She /Economic Bulletin Publishing Co./, No. 309, March 10, 1953, p. 12.

The cotton acreage of East China in 1953 was estimated at about 5 per cent below that of 1952, as the parity prices between cotton and grain were lowered in that year.

@ An additional 2,500,000 Shih-mou (416,667 acres) of the new reclaimedcotton land was added in the Yellow Sea region, Kiangsu Province, 1954. See Hua Chiao Jih-pao /China Daily News/ New York, August 17, 1955.

▼ The acreage of cotton in 1955 was estimated by an increase in planting of 10 per cent over that of 1954, although the projected goal is 20.6 per cent as revealed by Li Hsien-nien's Budget Report of 1955.

(Table 12 faces p. 757)

(Table 12 faces p. 757)

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248 433 According to Table 11, since 1950 the rate of increase of production has been very rapid. Taking the figure for 1949 as 100, the index numbers were 214 in 1950; 345 in 1951; 403 in 1952; 366 in 1953; 373 in 1954; and 412 in 1955. The rise reached a peak in 1952 and dropped 37 per cent in 1953 because the parity price between cotton and grain was lowered in that year. In 1954, the great flood and drought in some areas reduced production, and by the end of the year producers had not reached their goal. In view of favorable conditions in 1955, the cotton production will have increased at least 10 per cent over that of 1954.

In terms of the acreage of cotton planted in the different provinces of East China, there has been a marked upward trend from 1950 to 1955, as is shown in Table 12.

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248 433 According to Communist reports, some of the factors responsible for the rapid increase in cotton acreage and production were the fixing of a favorable parity price between cotton and grain and the improvement of per-unit yield. The increase and decrease in the adjustments of the parity price corresponded to the higher or lower cotton acreage. The prices which were quoted for grains of different regions are shown in the following tabulation.

248 243 435 Table 13 The Ratio of Cotton Price to Price of Grains */

(In weight-units of grain to one unit of cotton lint, 7/8" grade)

Region	1950	1951	1952	1953	1954	1955
Wheat	7.0	8.0	7.5-8.5	6.25-7.5	6.75-8.00	Same
Millet	8.0	8.5	8.0-9.5	6.75-8.0	7.50-8.25	as
Rice	6.5	8.5	8.0-9.0	6.75-8.0	7.25-8.25	1954

*/ Tu-pao Shou-ts'e [Newspaper Reading Handbook], Hankow, Chang-chiang Jih-pao, [Yangtze Daily Co.], 1950, p. 574; Ching-chi Chou-pao [Economic Weekly], Shanghai, May 28, 1953, NO. 28, p. 21; NCNA, March 3, 1954.

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Table 14. Cotton Yield Per Shih-mou and Per Acre•

Province	1949		1950		1951		1952		1953	
	Catties	Pounds	Catties	Pounds	Catties	Pounds	Catties	Pounds	Catties	Pounds
Kiangsu	85.9	94.5	129.4	142.4	165.5	182.1	211.3	232.5	198.5	218.3
Chekiang	68.4	75.3	230.8	253.9	174.9	192.4	190.9	210.0	185.6	204.2
Anhwei	88.7	98.4	88.5	97.4	165.8	182.4	210.6	231.7	145.4	160.0
Shantung	85.8	94.4	177.3	195.1	177.0	194.7	213.6	235.0	187.2	205.9
Fukien	----	----	----	----	----	----	----	----	----	----
Average	84.0	92.4	152.1	167.3	171.1	188.2	211.9	233.1	187.3	206.0

• Liberation Daily, Shanghai, January 8, October 17, November 14, December 28, 1951; September 9, December 27, 1952; Ta-chung Nung-yeh [Mass Agriculture], Shanghai, Vol. VI, No. 3, December 1951, p. 89; Economic Weekly, Shanghai, February 20, 1953, pp. 16-18; Economic Bulletin, Hong Kong, Ching-chi Tao-pao She [Economic Bulletin Publishing Co.], No. 307, March 10, 1953, p. 12.

(Table 14 faces p. 759)

(Table 14 faces p. 759)

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248 Among the East China provinces,
243 Shantung and parts of Anhwei and Kiangsu belong
435 to the wheat region, while a large part of Kiangsu, Anhwei, Chekiang and Fukien belong to the rice region. In 1953 the parity prices were lowered and the acreage and the production also decreased.

248 An upward trend in the average cotton
433 yield per unit of land was noticed during 1949-53, except for a slight fluctuation in 1953, 11.6 per cent below the figure for 1952. This loss was the result of natural calamities in Shantung and Kiangsu provinces. The cotton yields of different provinces from 1949 to 1953 are shown in Table 14.

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231 and increased to 44,000 shih-piculs (2,420 tons)[23] 433 in 1948. After 1949, the Communists made a great effort to restore the pre-war level of silk production. In 1951, the gross output in East China was raised to 590,000 shih-piculs (32,450 tons).[24]

In percentage distribution of silk among the East China provinces, Chekiang contributed about 60 per cent, Kiangsu 33 per cent, Shantung 6 per cent and Anhwei 1 per cent.[25] The silk cocoons in Shantung Province are produced by wild silkworms which feed on the leaves of oak trees. In Chekiang Province, over 30 hsien [counties] are planted in mulberry trees. Chekiang's production of silk cocoons increased to 500,000 shih-piculs (27,500 tons) in 1954.[26] Other provinces of the region probably showed proportional increases in the same year. The goal of silk-cocoon production in East China for 1957 will be 1,520,000 shih-piculs (83,600 tons).[27]

C. Ramie, Hemp, and Jute

248 433 East China ranks first in hemp production in the country as a whole, for hemp is produced extensively in Chekiang, Kiangsu, and Fukien provinces. The strength of fiber is next only to

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23. Ibid.

24. Current Background, Hong Kong, American Consulate General, Feb. 15, 1952, No. 159, pp. 7-9.

25. Economic Bulletin, Hong Kong, March 17, 1953, No. 310, p. 16.

26. Wen-hui Pao [Wen-hui Daily], Hong Kong, June 8, 1955.

27. Cheng Chu-yüan, op. cit., p. 244.

248 that of ramie, which is stronger than most other
433 species. Hemp is used chiefly for making canvas, ropes, coarse fabrics, and gunny sacks. During recent years, it has been widely planted in Chekiang Province, and the output[28] in 1953 showed a twenty-fold increase over 1936.

Ramie is widely produced in East China provinces. Its strength is about three times that of hemp and eight times that of rayon and cotton.[29] It is used mainly for manufacturing canvas, ropes, nets, and linen cloth. Jute, another species of the same family, is grown in the northern sections of Kiangsu and Anhwei as well as in Shantung. It is used for making rugs, mats, and gunny sacks. The output in East China is comparatively small.

D Oil-bearing Crops

249 Excluding soyabeans, the oil-bearing crops
433 in East China are peanuts, sesame seeds, rapeseeds, cottonseeds, and teaseeds. Although the production of soyabeans was far greater than that of peanuts in 1952, the output of peanut oil was 2,200,000 shih-piculs (121,000 tons), about 30 per cent higher than the output of soyabean oil in the same year.[30] The discrepancy was due to the fact that the local population prefer to use peanut oil. The total East China production of edible oil from different oil-bearing crops in 1952 amounted to approximately 8,000,000 shih-piculs (440,000 tons). Since 1953, the supply of edible oil has decreased; therefore, the Communist authorities intensified their plans for expansion of the acreage

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28 Wen-hui Daily, loc. cit.

29 Chinese Economic Journal Shanghai, Bureau of Foreign Trade, Oct. 1936, Vol XIX, No. 4, pp. 345-346. [See next page for No 30.]

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ings slightly altered to house machinery which is tended by the residents of the house, often members of one family. These small industries are engaged in a bewildering variety of production, and despite their universal under-capitalization, most of them use electrically-driven machinery. "Factories" of this kind produce, for instance, machine tools, cast iron, electric appliances, soap, acids, textile machinery, power presses, boilers, and telephone parts, as well as a long list of light consumer goods, such as flashlights, light bulbs, thermos flasks, clothing, lamps, electric fans, and food products.[9] Despite crowding and poor working conditions, the quality of production in these plants was apparently high. American orders for telephone parts were placed in Shanghai from 1932 to 1935 for export to South America, and the contracts went predominantly to these small household operators.[10] There was a very high rate of turnover among these "factories"; their small scale and small capitalization enabled them to react with great sensitivity to market changes and to crowd or evacuate lines of production alternately as profits varied.*

Market and Raw Materials

Market considerations are the leading factor in the concentration of manufacturing as a whole in Shanghai. As the primate commercial and industrial center of China, not only were capital, relatively trained industrial labor, and electric power available there more abundantly and in most cases more cheaply than anywhere else in China, but Shanghai includes in its trade hinterland half of the country. With the notable exception of the textile industries, most of the raw materials necessary to maintain Shanghai's manufacturing were not available locally in its immediate hinterland. It was the market which attracted and held most manufacturing.

We may logically begin with the exception, the textile industries. Shanghai is located near the center of China's chief cotton-producing

* The *Chinese Economic Bulletin*, published in Shanghai, records many of these changes. For example, there were 11 industrial establishments in Shanghai in November 1930, producing "gourmet powder" (made mainly from wheat flour), 9 in October 1931, and none in June 1932, according to the *Bulletin's* weekly industrial news columns.

248 439 area. Kiangsu alone produced before the war about 30 per cent of China's total annual cotton crop. Shanghai's textile mills at this period consumed an annual average of about 3,800,000 piculs of raw cotton (one picul equals 133 pounds), of which it is estimated that 2,000,000 came from Kiangsu, 500,000 from Hankow, 500,000 from Tientsin by sea, and 800,000 from foreign ports, principally from the United States.[11] The foreign cotton imports were predominantly of long-staple varieties for the weaving of finer-count cloth for which the native short-staple Chinese cotton was not suitable. During the 1930's considerable progress was made in growing long-staple cotton in China from American seeds, including that grown in the Kiangsu area, so that by 1936 foreign cotton imports to Shanghai were only half of what they had been in 1920.[12] The ground thus gained was largely lost during the war years, but reports from China since 1946 indicate that self-sufficiency in all types of cotton is now again within reach, with Kiangsu still the leading producer.[13]

231 288 The major silk-producing regions of China are also near at hand. The delta areas of Kiangsu and Chekiang accounted for about half of the total Chinese production of raw silk in the 1920's and 1930's, as they had during most of the nineteenth century, and Shanghai remained the primary silk market of China. When silk-reeling, spinning, and weaving in the delta area became largely concentrated in factories after about 1910, rather than being done as before on a domestic basis, it was logical that the industry should center in Shanghai, as well as in the nearby cities of Soochow, Wusih, and Hangchow.

236 248 288 The rest of the textile industry is less closely related to the sources of its raw materials. About three-quarters of the raw wool used in Shanghai factories before the war came from the grazing areas of northwest China via Tientsin, by sea and rail. Less than one-tenth came from Kiangsu, and it was mainly "dead" wool of poor quality shorn from dead sheep and goats. The remainder was supplied largely from central China, via Hankow, by Yangtze steamer.[14] Ramie and hemp for Shanghai manufacturing came primarily from Hankow, in the center of the chief producing areas for both crops. Most of the jute consumed in Shanghai was imported from India.

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361 power plants, a large consumer of coal, is on Soochow Creek, on the opposite bank from the railway.

Cotton textiles and flour, Shanghai's two leading industries by value of output, illustrate in the location of their manufacturing plants what is surely a unique economic phenomenon among modern industrial metropolises. Virtually all the city's cotton and flour mills are located on or near the navigable creeks by which they receive their supplies of raw cotton or wheat and send out their finished goods. The great majority of these mills had no other transport facilities, not being connected with either roads or railways.[62] Shanghai, for all its superficially Western appearance, is economically a blend in which Venetian characteristics are as discernible as British or American to the enquiring eye.

Changes in Industrial Location

Any city and any industrial center, once it reaches metropolitan size, tends to develop a seemingly automatic power of attraction for economic enterprises of all kinds. In particular once it has become a primate city, it seems to grow in snowball fashion and to corner for itself continually the lion's share of any new economic activity of the political or economic unit as a whole. This primacy in the case of Shanghai was undoubtedly in large part responsible for the continuing concentration there of trade, manufacturing, and finance. The more economic activity the city supported, in variety and volume, the more advantageous it became for new economic activity of any kind to center there.

361 148 By 1936, there were, however, signs that some new manufacturing was locating elsewhere more than in Shanghai, and even that certain industries were moving from Shanghai to other industrial centers. The cotton textile industries of China were increasingly dependent on domestic cotton through the early 1930's (see above, p. 172). This removed some of the double advantage of Shanghai's location in the major domestic cotton producing area, and near the main shipping lanes, where it could easily import long-staple foreign cotton. The growing of long-staple cotton in China from American seeds was first begun on a large scale in Shensi in the early 1930's, but it was still cheaper for Shanghai to buy its long-

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staple supplies from overseas. Tientsin, Hankow, and to a lesser extent Tsingtao, could, however, use this improved Shensi cotton, and by the early 1930's, although the production of long-staple cotton had spread into all the cotton-growing provinces, more of it was grown in Hopeh and Shantung than in Kiangsu.[63]

A further factor was China's recovery of tariff autonomy in 1929. Up to that time, the tariff on most imported and exported goods was fixed by successive treaties between China and the major Western powers (beginning with the supplement to the Treaty of Nanking in 1843) at 5 per cent *ad valorem*. In practice the rates had varied between 3 and 10 per cent, but the average between 1843 and 1929 had been close to 5 per cent.[64] The new tariff of 1929 promulgated by the Nationalist Government in that year and revised in 1931, 1934, and 1935 imposed duties on the import of raw cotton and cotton yarn which varied considerably but which averaged about 17 per cent *ad valorem* between 1929 and 1935.[65] While Shanghai normally drew about 20 per cent of its raw cotton from abroad, Tsingtao, Tientsin, and Hankow respectively drew 93, 95, and 98 per cent of their raw cotton supply from domestic sources by 1930.[66] The average price of raw cotton in Shanghai by 1935 was about 10 per cent higher than in these three other centers, and nearly 90 per cent of the new building in the cotton textile industry in that year was elsewhere than Shanghai, although Shanghai still contained 51 per cent of the cotton spindles in China in 1936, and although total production costs for cotton spinning were still about 10 per cent lower in Shanghai than in any other Chinese city.[67]

This may prove to have been only a temporary disadvantage, since in the face of higher duties on imported raw cotton after 1929, and currently of China's desperate attempts to become independent of foreign imports, steps have been taken to increase the production of long-staple cotton, especially in Kiangsu where Shanghai manufacturing is so heavily dependent on it. The work of the Cotton Industry Commission of the National Resources Commission during the 1930's indicates that the goal of complete self-sufficiency in all types of cotton was realizable within five or ten years, under an effective administration.[68] Recent reports from China suggest that domestic cotton production, while still inadequate to supply Shang-

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361 248 hai's textile factories, is now again approaching a self-sufficient level.[69]

Until 1927, the silk-reeling industry had been larger, by value of output, in Hangchow and in Wusih (where it was more closely oriented to the major silk-producing areas) than in Shanghai. With the stimulus of civil war in the delta in 1926, many of these mills moved to Shanghai, where they could get cheaper coal and electric power, abundant capital, and the general commercial advantages of a large market, as well as being able to draw their raw silk from the producing areas by water transport at nearly the same cost as in Hangchow or Wusih. By 1936, however, Wusih again led Shanghai in silk-reeling, due apparently to lower labor costs in Wusih, local skill, newer and hence more efficient plants, and the drop in the Wusih price of coal brought from Shanghai by barge trains pulled by steam tugs.[70]

361 288

361 A major and continuing development of the 1930's was the large Japanese investment in Manchurian heavy industry, notably in the Mukden area. Following the Japanese conquest of north China in 1937–38, this development was extended to include the Peking-Tientsin area, although on a much smaller scale. While these were primarily strategic or military rather than economic investments, they laid the foundation for a new heavy manufacturing center, closely oriented to its sources of bulk raw materials, and confined to the north. In addition to the logical association with coal and iron deposits, this project was geographically an obvious one for Japan to undertake from her original Korean and Manchurian base, and it did not include Shanghai, especially after the widening of the war from 1941 on made seaborne imports of raw materials into Shanghai increasingly difficult.

Japanese war-dictated industrial investments have now however become a legacy of great value for China, and heavy manufacturing is still virtually restricted to the north. In time, a second manufacturing center of this type may develop at Shanghai, dependent on cheap transportation for the assembling of bulk raw materials and shipping of finished products, cheap electric power, skilled labor, and continued market attractions. But in the current acute capital shortage in China, which is unlikely to be alleviated soon, such a development cannot be considered imminent.